

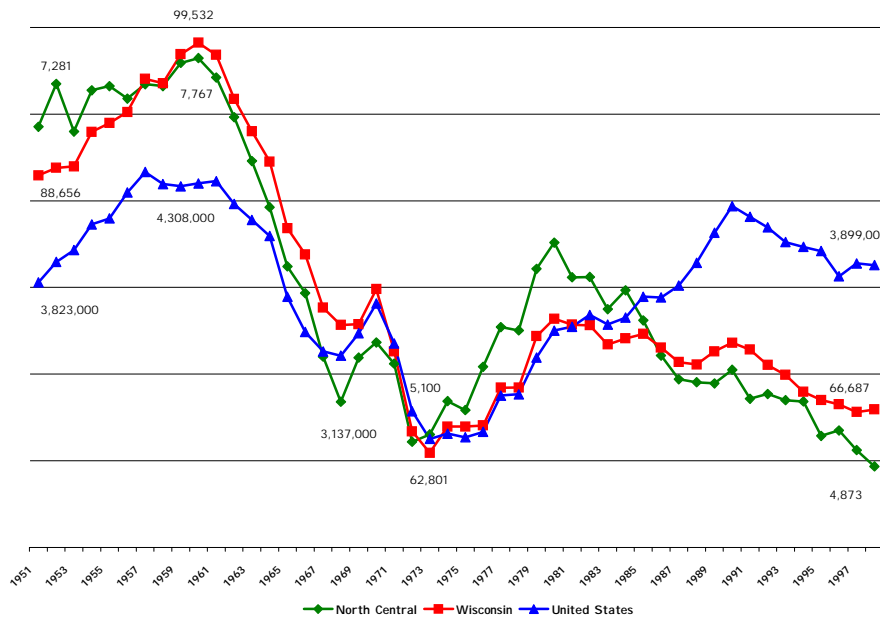
Northcentral Wisconsin

I would like to start today with an introduction about why this economic development is such an important issue for the State in general and then get quickly into northcentral-Wisconsin, in particular.

- The state is losing young people particularly our college educated young people at an alarming rate.
- Wisconsin has one of the highest female labor force participation rates in the United States. While that is not a problem by itself, it comes with considerable cost in terms of families.
- Related to this high labor force participation rate for females, is an increasingly low birth total for the state.
- Wisconsin has a very high concentration of employment in manufacturing, which in and of itself is probably desirable, but it makes us very vulnerable in economic downturn cycles such as we are presently going through.
- Closely related is the fact that Wisconsin companies are often targets for takeover by other firms, particularly firms located outside of Wisconsin and often outside of the country. By itself, not much of a problem, but when those firms are considering downsizing, the Wisconsin operations are much more vulnerable than the home office sites.
- We have a very large Baby Boom age cohort that is fast approaching retirement age. The oldest of Baby Boomers is now 56 years old.
- Income levels for the state are not keeping up with national trends, but even more troubling, they are falling farther and farther behind our neighbor states of Minnesota and Illinois.

And, you're maybe wondering why we think a regional approach is so important to Wisconsin. The most important reason is that Wisconsin's population is extraordinarily dispersed throughout the State. Minnesota, for example, has five metro areas and or metro counties, where 69 percent of Minnesota's population lives. Wisconsin has fourteen metro areas or counties where 67 percent of our population lives. In Minnesota, however, 85 percent of the metro area population lives in the Twin Cities metro area. In Wisconsin, only

Births 1951 Through 1998
Scaled to variation from mean



40 percent of our metro population live in the Milwaukee/Waukesha metro area. In Illinois the concentration is even more pronounced. Eighty-five percent of Illinois' population lives in the nine metro areas of the state and 70 percent of those people live in the Chicago metro area.

Northcentral Wisconsin as we are calling this part of the state is not a specific entity. It is not even a loosely knit federation. It is most certainly not a bureaucratically designated zone. It is merely a geographic area of the

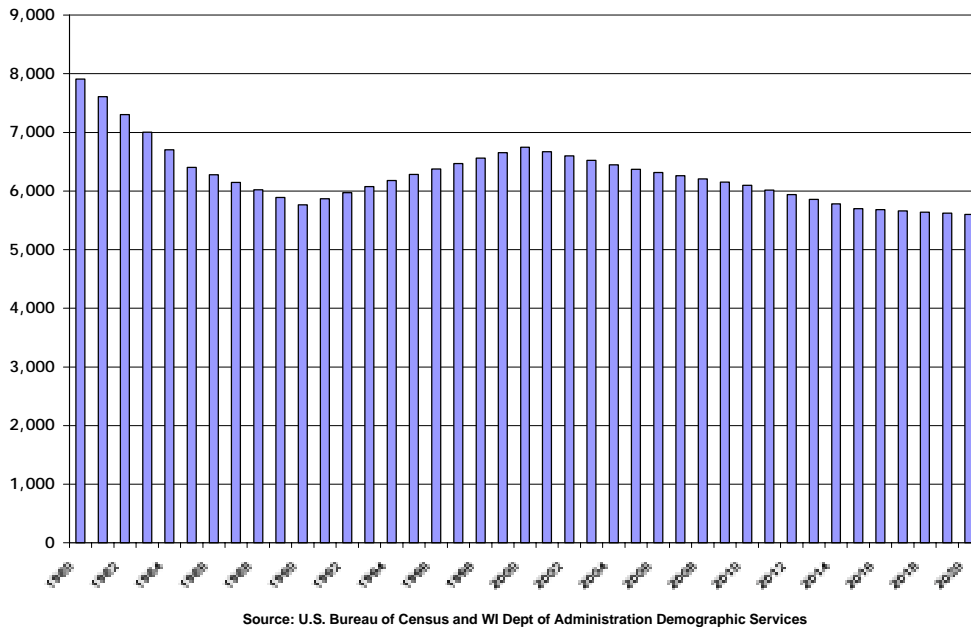
state. Whether it contains this county or that county is of no great concern. What is of concern is that this area of the State of Wisconsin be given encouragement and support in its effort to grow and prosper. What I would like to share with you today is an outsider's view of your area. Again, I am not suggesting you all belong to each other. I am merely looking at a small "a" - area of the State of Wisconsin. Included in the data I'm looking at today are Clark, Iron, Lincoln, Marathon, Oneida, Portage, Price, Taylor, Vilas, and Wood counties.

First, let me tell you some things about yourselves. There are about 430,000 people living in this ten county area. This is about 8 percent of the state's population of 5,363,675 as of 2000. In the last 100 years, the period from 1900 to 2000, this area of the state has increased its population 129 percent, growing from 199,000 people to 448,000 people. During that same time span, the State of Wisconsin grew 159.2 percent, from 2,069,000 to 5,364,000. Since 1960, however, this area has grown faster than the State, going from 322,000 to 448,000 a 39 percent increase. The State was growing from 3,952,000 to 5,364,000, a 35.7 percent increase.

In a state that is aging very rapidly, this area is aging even more rapidly. The average age of the population in the northcentral area of the state was 36.2 years in 1990. The state average age was 35.5. By 2000, the region had increased to 37.8 while the state increased to 36.8. By 2020, the northcentral area will have an average age of 41.5. The state is also expected to reach 39.9 by 2020. Several counties in northcentral Wisconsin will reach an average of 46 or more years of age. Vilas County will have an average age of 51.9. The more urban counties, particularly Portage and Marathon will have average ages near that of the state.

The reason for this is the juncture of two or three closely related demographic developments.

North Central Region
18 Years of Age
1980-2020

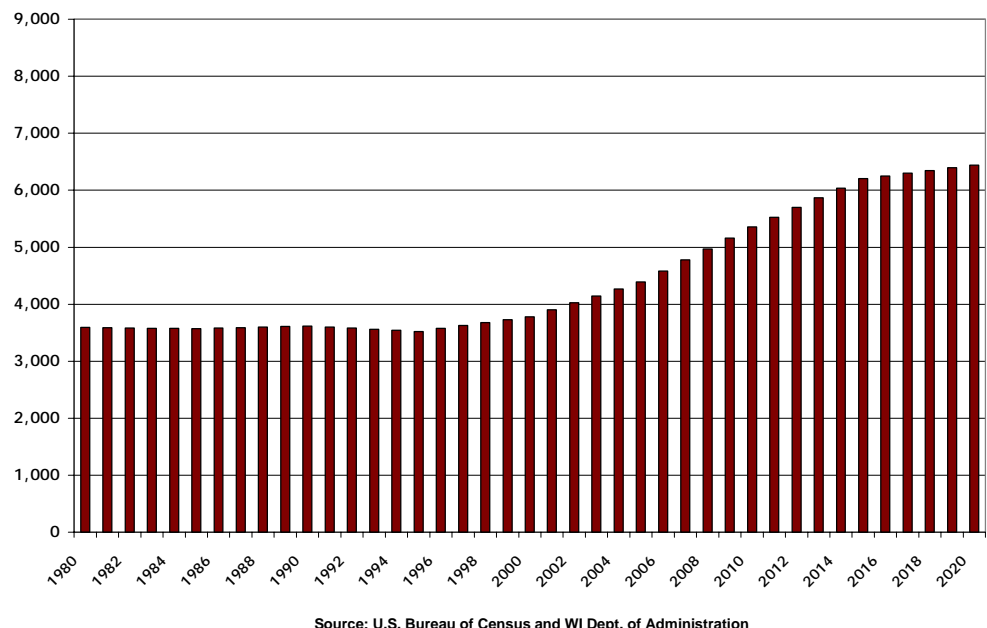


First, the area is experiencing a dramatic change in the number of births. This graphic says it better than I can. We're looking at the United States, Wisconsin, and the north central area of Wisconsin. Notice in particular, the tremendous drop in births between 1951 and 1973 for northcentral Wisconsin. From 7,281 to 5,100, a drop of 2,181, or 30.0 percent. For Wisconsin, the drop was also very dramatic,

from 87,656 to 62,801, a 28 percent decrease. The United States, which went from 3,823,000 to 3,137,000, was a much less dramatic 17.9 percent decrease. And, since 1973 the northcentral area of the state has continued the decline. The state and the U.S. have recovered, but the Wisconsin recovery is very much less than the U.S.

What follows this reduction in births is a reduction in young people turning eighteen years old. Here is a graphic illustrating the number of young people turning eighteen. A considerable drop from 1980 to 1990, followed by an increase up to 2002, followed by a gradual reduction through 2020. Remember that the number of eighteen-year olds generally includes college students, who may not and often don't translate into labor market entrants for the location where they at-

North Central Region
65 Years of Age
1980-2020

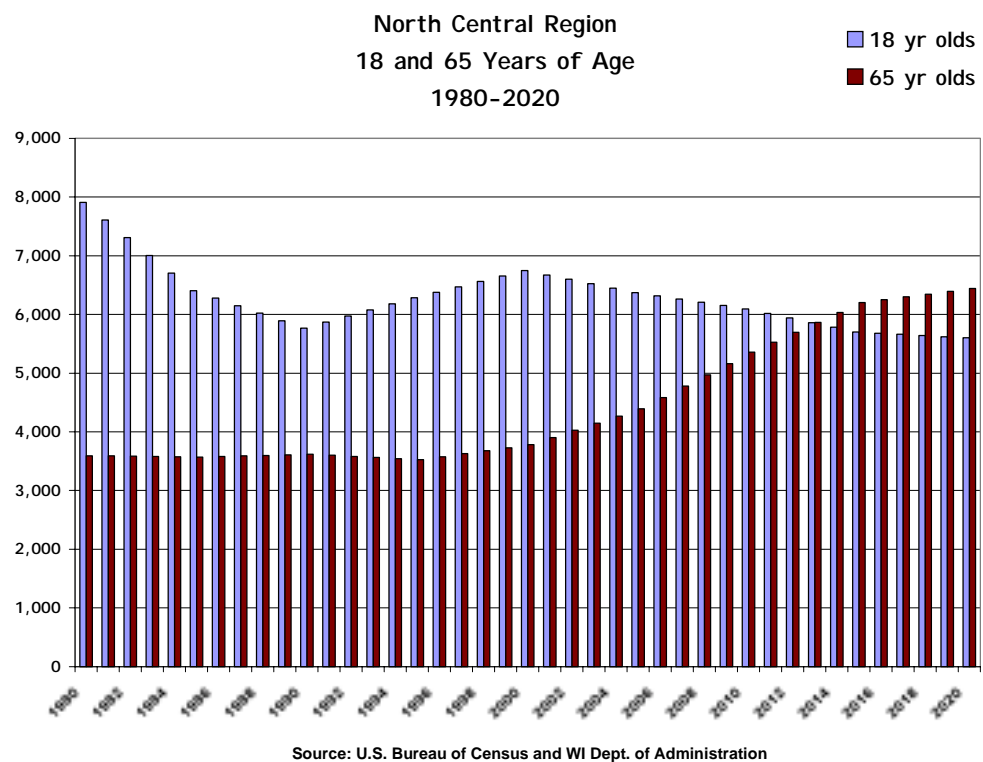


tend college. This is particularly important in counties like Portage where there is a sizeable 18 to 22 year-old population.

This next graph shows us the number of people in the northcentral portion of the State turning 65 years of age each year. The area does fine until the day after tomorrow. Then suddenly in 2002, the increase in the number of people turning 65 begins. And, it is great. Between 2001 and 2016 the number of people turning 65 in the area grows from about 3,900 to 6,300 each year. That means that in addition to new jobs that might open up from growth, there will be an additional 5,500 jobs each and every year the direct result of retirement. And by the way, if we don't have people trained to take the place of the retiring workers, the firms will move on to a place that does. Another thing to keep in mind is there is a considerable need for health care workers in areas where older populations settle. But to find health care and other service workers for low wages in areas where living costs are very high is not an easy task.

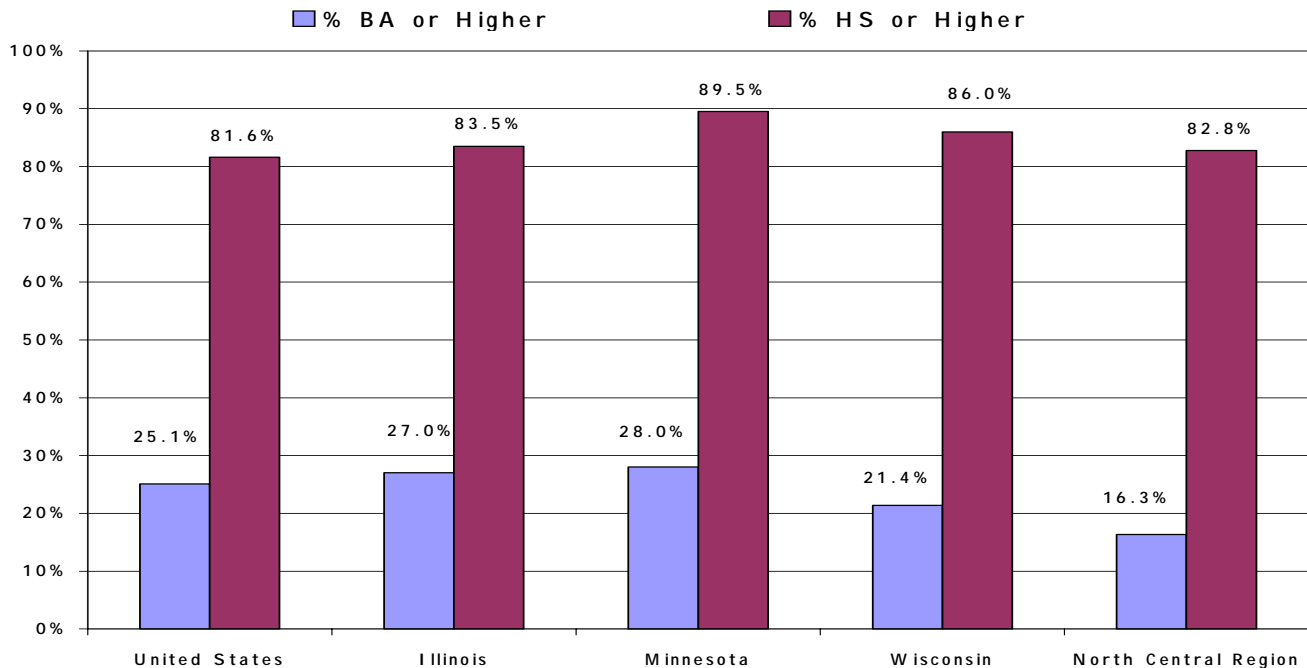
When we put these two graphs together they become more dramatic. We can see the squeeze really begins in

about five years. And by the way, the north-central area looks worse in this demographic change than does the State of Wisconsin. Complicating this graph is the fact that we're looking at demographic limits. We don't reach the limits, because our older workers retire before age 65, and our college graduates are leaving the state in alarming numbers as I mentioned earlier.



Here is a graph looking at the percentage of high school and then college graduates among 25 year old and older citizens for several geographic areas – the United States, Illinois, Minnesota, Wisconsin, and northcentral Wisconsin. It is alarming that Wisconsin does so poorly at retaining college graduates, it is even more alarming that we see the same thing occurring in northcentral Wisconsin despite the fact that we have several colleges in the area, including a state universities as well as two-year university campuses.

Educational Attainment-25 years of Age and Older

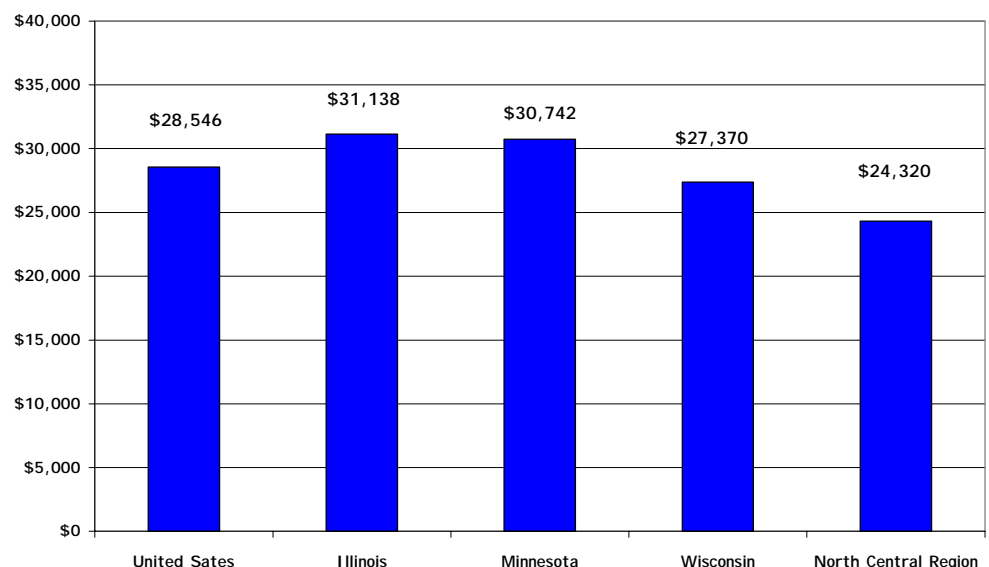


Source: U.S. Bureau of Census, 2000, *Supplemental File*

The next few graphs look at some of the reasons we are seeing these demographic developments. First is a graph looking at per capita income for the United States, for Illinois, for Minnesota, for Wisconsin and again for northcentral Wisconsin. Wisconsin lags behind the United States, but falls far short of Illinois and Minnesota. Although northcentral Wisconsin is very comparable to the State, both fall quite a bit short of our neighbor states of Illinois and Minnesota.

United States:
\$28,546 1.17
Illinois:
\$31,138 1.28
Minnesota:
\$30,742 1.26
Wisconsin:
\$27,370 1.13
NC Wisconsin:
\$24,320 1.00

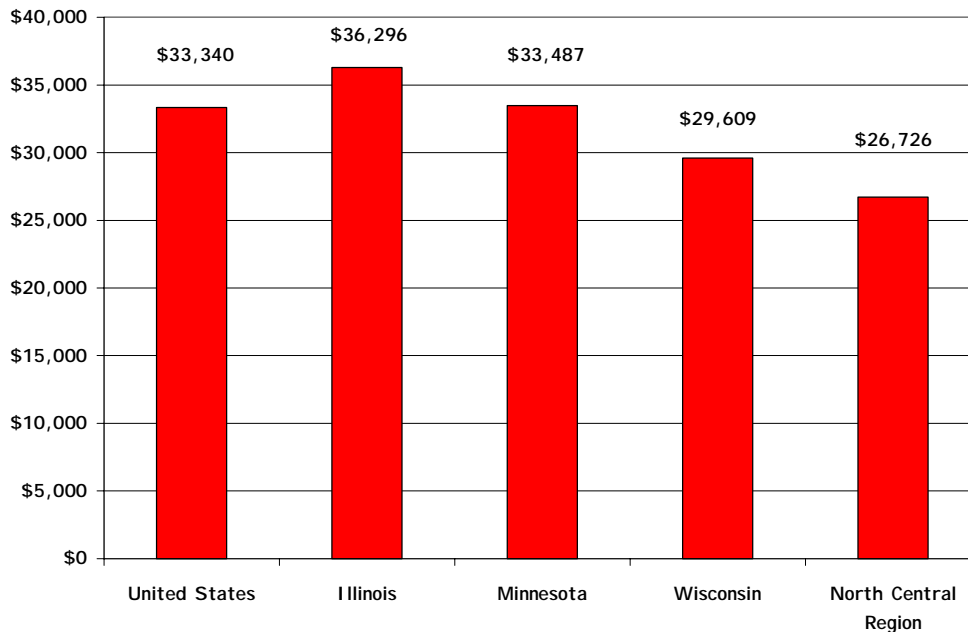
1999 Per Capita Income



Source: U.S. Dept. of Labor, Bureau of Economic Analysis

Although many of us may reason that the cost of living is much higher in those other areas, that

1999 Annual Average Wage Earned-All Industries



Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, 1999

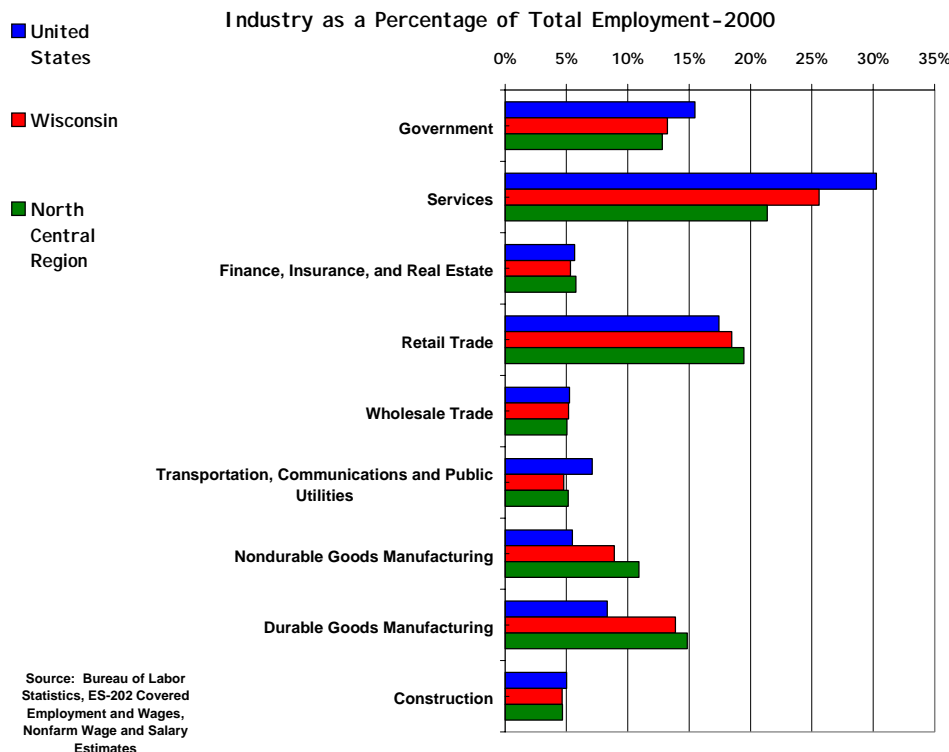
argument is a difficult sell to 22 year-old recent college graduates.

And, we see the same graphic when we look at average wages. By the way, the way Wisconsin residents catch up a little in income is by working more than one job.

Let's change gears here for just a moment and look at where we work. This graphic looks at where workers find their jobs. I want you

to look at it a bit and then I'll make a couple of observations.

Northcentral Wisconsin has strength in retail trade, a reflection of considerable tourism and in manufacturing, both durable goods manufacturing and non-durable goods manufacturing.



Source: Bureau of Labor Statistics, ES-202 Covered Employment and Wages, Nonfarm Wage and Salary Estimates

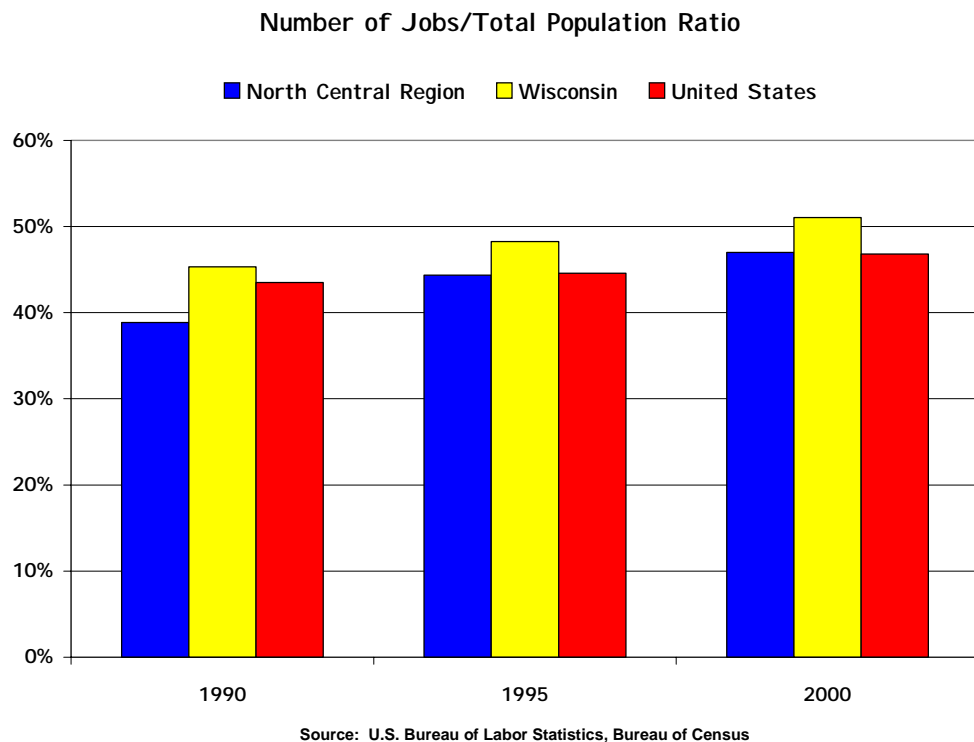
It is also strong in finance, insurance and real estate employment - a reflection of the area's strength in the insurance industry. Northcentral's strength in non-durable goods manufacturing is largely concentrated in the paper manufacturing industry in food and kindred products manufacturing and in rubber and miscellaneous plastics manufacturing. In the durable goods manufacturing industry, the area is particularly strong in

machinery manufacturing, in lumber and wood products manufacturing, in electrical and electronic supplies manufacturing and in furniture and fixtures manufacturing.

The area has less employment concentrated in government and services than does the State or nation.

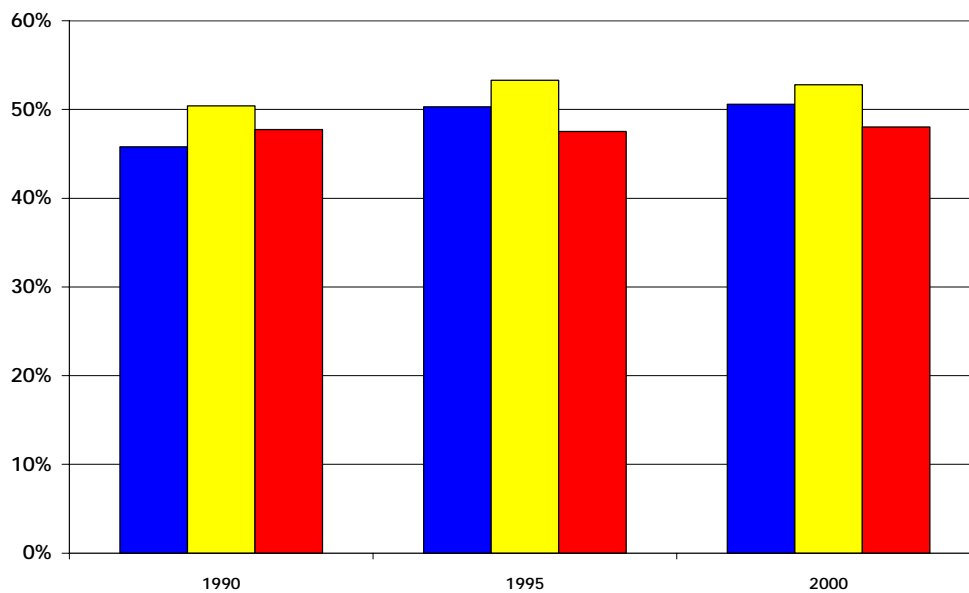
The next graphic shows the ratio of jobs to population for northcentral Wisconsin, for Wisconsin and the nation for 1990, 1995, and 2000. There has been stronger growth in jobs than there has been in population for the area over the past ten years, allowing the region to catch up with the nation in the ratio of jobs to population.

Finally, the last graphic shows the employment to population ratio for northcentral Wisconsin, for Wisconsin and the nation for 1990, 1995, and 2000. Although the area trailed the nation and Wisconsin in 1990, it has passed the nation and gotten closer to Wisconsin's very high 52 percent. It is a reflection of the very large portion of Wisconsin's total population that is in employment age range, and the very high labor force participation rate of females in Wisconsin and in northcentral Wisconsin.



Employed/Total Population Ratio

■ North Central Region ■ Wisconsin ■ United States



Source: U.S. Bureau of Labor Statistics, Bureau of Census

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